

Developing & Maintaining Our Water Resources Infrastructure: Today and in the Future

Dredging Contractors of America

Gary A. Loew

*Chief, Civil Works Programs Integration
Division*

U.S. Army Corps of Engineers



7 May 2008



Civil Works Value to the Nation

**US Army Corps
of Engineers**

Recreation areas
376 M Visitors/yr
Generate \$15 B in
economic activity,
500,000 jobs

400 miles of
Shore protection
Destination for
75% of U.S.
Vacations

1/4 of Nation's
Hydropower:
\$500 M + in
power sales

11,000 miles of
Commercial Inland
Waterways:
1/2 the cost of rail
1/10 the cost of
trucks

299 Deep Draft
Harbors

627 Shallow Draft
Harbors

8500 Miles of
Levees

Emergency
Operations

Stewardship of
11.7 Million Acres
Public Lands

Environmental
Restoration

Regulatory
Responsibilities

- US Ports & Waterways convey > 2B Tons Commerce
- Foreign Trade alone creates > \$160 B Tax Revenues

One Corps, Serving the Army and the Nation



**US Army Corps
of Engineers®**

FY08 Accomplishments



- **NAVIGATION**

- Maintained 25,000 miles of navigation channels
- Transported 95% of Nation's foreign commerce (2.2 B tons)
- Maintained 240 lock chambers at 195 sites
- Dredged and disposed of 211 million cubic yards
- Progressed on rehab of 14 lock & dam projects

- **FLOOD RISK MANAGEMENT**

- Prevented \$18.5 billion in flood losses annually for past 5 years
- An average return of 6:1 on flood damage reduction projects
- Implemented Dam & Levee Safety Programs

- **ENVIRONMENTAL STEWARDSHIP**

- Restored 18,000 acres of habitat
- 90% is nationally significant

- **WATER SUPPLY**

- Provided 9.8 mil acre-feet of water from 136 projects in 25 states
- 14% of Nation's personal household needs

- **FUSRAP--Excavated 185,600 cubic yards of contaminated material**

- **EMERGENCY RESPONSE**

- Responded to 12 FEMA disasters in 20 states

One Corps, Serving the Army and the Nation



**US Army Corps
of Engineers®**

More FY08 Accomplishments



- **CONSTRUCTION COMPLETIONS**

- Placed 8 projects into service; 70 since 2001

- **REGULATORY**

- Processed 100,000 permits in average time under 60 days
- 5,500 individual permits in average 220 days
- 85,000 general permits in average of 35 days
- Replaced 18,000 acres impacted with 36,000 acres of mitigation land

- **RECREATION**

- Hosted 360 million visitor-days at Corps projects
- Supported 100 mil fishing, 9 mil hunting & 63 mil wildlife watching visits at Corps projects
- Assisted with recovery of 53 species at 133 projects
- 1,800 recreation sites (41%) operated by others

- **HYDROPOWER**

- Generated 71 billion kilowatt-hours of clean energy
- 14% of personal household energy requirements
- \$1 billion repaid to Treasury
- Completed rehab of two powerhouses in Georgia & Alabama

- **EXPEDITIONARY FORCE**

- 800 employees deployed in 4 overseas Districts

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

FY09 Civil Works Budget

- Supports President's Overall Budget Priorities:
 - Address Immediate Economic Challenges
 - Ensure Sustained Prosperity
 - Keep America Safe
 - Balance the Budget by 2012
- Supports Mission Priorities
 - Commercial Navigation
 - Flood & Coastal Storm Damage Reduction
 - Aquatic Ecosystem Restoration



One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

Budgets & Appropriations

	FY06	FY07	FY08	FY09
	\$ Millions			
Investigations	95	94	90	91
Operation & Maintenance	1,979	2,258	2,471	2,475
Construction	1,637	1,555	1,523	1,402
Mississippi River & Tribs.	270	278	260	240
Regulatory Program	160	173	180	180
Flood & Coastal Emergencies	70	81	40	40
F.U.S.R.A.P.	140	130	130	130
Expenses	162	164	177	177
ASA(CW)	0	0	0	6
Total Budget Request	4,513	4,733	4,871	4,741
Appropriation	5,329	5,340	5,592	
Appn>Budget	+816	+607	+721	+851

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

Budget Arithmetic – FY09

FY08 Civil Works Budget Ceiling \$4,800 mil

Allocate GE, REG, FCCE, REC, FUSRAP...	- 900
Allocate Base O&M (~75% of required)	- 1,800
Essential Dam Safety	- 500
Assign National Priorities	- 400
Continuing Construction at Base Level	- 700
Planning Studies	- 100
Minimum Essential Allocation =	- \$4,400



Left for all other CW Projects & Programs ~**\$400 mil***

Use the \$400 mil to restore project O&M to prior year levels

THAT'S IT!

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

FY09 Budget by Business Line

BUSINESS LINE	FY09 BUDGET (\$000)
NAVIGATION	\$1,892,000
"FLOOD RISK MANAGEMENT"	1,322,000
ENVIRONMENT	511,000
HYDROPOWER	319,000
RECREATION	270,000
EMERGENCY MANAGEMENT	58,000
REGULATORY	180,000
WATER SUPPLY	6,000
MANAGEMENT & OVERSIGHT	183,000
TOTAL	\$4,714,000
SUPPORT FOR OTHERS	\$4,000,000

One Corps, Serving the Army and the Nation



**US Army Corps
of Engineers®**

FY 09 Appropriations: Legislative Initiatives

- Reaffirm and modify FY08 Appropriations Reprogramming Rules
- Replace continuing contracts with Multi-Year contracts with thresholds
 - Separate authorization required for contracts over \$100 M & notification with waiting period required for any multi-year contracts with contingent liability over \$20M.
- Barge User Fees for inland transportation cost recovery to be deposited into the Inland Waterways Trust Fund (IWTF)
- Authorize Louisiana Hurricane and Storm Damage Risk Reduction Project, New Orleans, and appropriates \$5.671 bil in supplemental appropriation



One Corps, Serving the Army and the Nation



**US Army Corps
of Engineers®**

FY09-13 Five Year Plan

- Enhanced Plan
 - ~35 project completions in next 5 yrs
 - ~ \$360 mil 'wedge' funds (from completions) for new projects
- Projects in the queue to be started
 - ~ 9 Category 1 projects with BCR > 3:1
 - ~ 80 Category 2 projects with favorable Admin position, < 3:1
 - ~130 Category 3 projects without favorable Admin position
- Required-\$19 bil to complete ongoing, budgetable projects; \$38 bil to complete all ongoing, incl Cong Adds
- Few, if any, new starts projected



One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

Four FY05-7 Emergency Supplementals

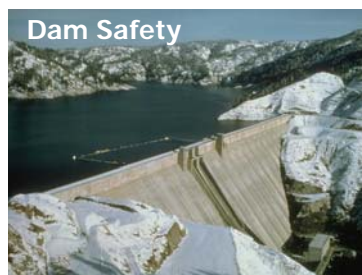
Approp	\$ Millions	Four Bills
FCCE	\$7,169.0	P.L. 109-62 (FY 05)
GI	48.8	P.L. 109-148 (FY 06)
CG	687.3	P.L. 109-234 (FY 06)
O&M	533.7	P.L. 110-228 (FY 07)
MR&T	153.7	
GE	1.6	
TOTAL	\$8,594.1	

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

Future Budget Challenges



Dam Safety



**Major Rehabilitation
of Infrastructure**



Levee Safety



No \$ for New Projects

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

TRENDS TO WATCH



- Continuing Pressure on Budget
 - Entitlement Programs (Medicare, Medicaid, Social Security)
 - Interest on the National Debt
- Cost of Infrastructure Recapitalization
 - Improved Inspection Techniques
 - Modern Design Standards
 - Cost of meeting ESA and other legal requirements
- Cost of Construction
 - Fuel, Steel, Concrete
 - Expanding worldwide demand

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

Future Budget Initiatives

- Harbor Maintenance Trust Fund (potential revenue increase ~\$500 M)
- Inland Waterways Trust Fund (potential increase ~\$150 M)
- Direct Funding of Hydropower (potential increase ~\$100 M)
- Benefits: Assured revenue; future planning & budgeting certainty

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

Program Development & Management Challenges

- **Total \$ Relative to Authorized projects**
- **Late Appropriations**
 - Budget vs Appropriations Gap
 - Jan Appropriations = Feb Work Allowances; March Schedules
 - Excessive Carryover
- **Continuing Contracts**
- **Systems Budgeting**
- **Earmarks**
- **Refining and Incorporating Alternative Metrics**
 - Tonnage
 - Risk to Life
 - Watersheds
 - Environmental Restoration Significance Evaluations
- **Growth & Crowding Out**
 - Dam Safety
 - Endangered Species Act Biological Opinions (ESA BiOps)
 - Rehabilitations of Existing Projects

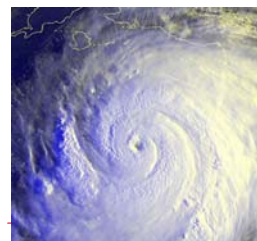
— One Corps, Serving the Army and the Nation —



US Army Corps
of Engineers®

Civil Works Strategic Goals

1. Build and protect resilient communities and infrastructure
2. Plan and manage sustainable water resources for future generations
3. Protect and restore healthy ecosystems
4. Ensure effective and adaptive project performance
5. Seek and reflect excellence



— One Corps, Serving the Army and the Nation —



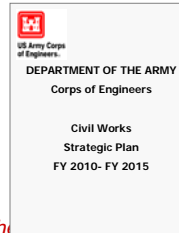
US Army Corps
of Engineers®

Emerging Strategic Requirements

- Broader systems approaches
- Consideration of interacting technical, human, organizational & social factors
- Risk-based decision support tools & skills
- Much broader coalitions & collaboration
- Increased public-private partnerships
- Anticipatory engineering



FEMA



One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®

How Can We All Contribute?

- **USACE Leadership:**
 - Develop vision, goals & objectives in an open, collaborative way
 - Be “Thought Leaders” Lead the discussion to create the solutions.
 - Implement the Strategic P
- **Administration:**
 - Listen
 - “Walk the performance-based budget talk.”
- **Stakeholders:**
 - Contribute to vision, Goals, Objectives, Metrics
 - Communicate!
 - Adopt the Vision to be the desired future state of water resources development
 - Create national desire for a water resources infrastructure that will serve this Nation’s economic, quality of [all] life and defense needs, today and into the future.
 - Support the budget/financing that enables the vision

One Corps, Serving the Army and the Nation



US Army Corps
of Engineers®



— One Corps, Serving the Army and the Nation —

The Future of America's Water Resource Infrastructure

- National impact is significant
- “Whether you think you can or you can’t, you’re usually right”
Henry Ford

